

<b>Testimony before Committee on Finance and Revenue</b>
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**Bill 13-525, "SE Neighborhood House Tax Relief Act of 1999"**

**And**

**Bill 13-524, "Robbie Mason Tax Adjustment Act of 1999"**

**May 25, 2000**

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Office of the Chief Financial Officer**

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. I am Julia Friedman of the Office of the Chief Financial Officer. On behalf of the Chief Financial Officer, I am pleased to testify today on the impact of Bill 13-425, "SE Neighborhood House Tax Relief Act of 1999" and Bill 13-524, "Robbie Mason Tax Adjustment Act of 1999."

Bill 13-425, the "Southeast Neighborhood House Tax Relief Act of 1999," would forgive \$47,486 in real property taxes owed to the District by the Southeast Neighborhood House, a non-profit organization. In addition, the three properties owned by the Southeast Neighborhood House would be exempt from the District's real property tax in TY 2000 and years thereafter. OTR estimates that the District will forego an additional \$16,967 in real property tax revenue over the course of the next five years as a result of this provision.

The Code of the District of Columbia establishes guidelines for exempting properties from the real property tax. Section 47-1002 of the DC Code requires that an origination requesting such an exemption file an application with OTR. Upon receipt of

the application, OTR conducts an inspection of the property to ensure that its use qualifies for an exemption under the DC Code.

OTR records indicate that no such application has been filed on behalf of the properties owned by the Southeast Neighborhood House. Once the application is filed, the appropriate inspection will take place and the properties' exempt status can be determined accordingly.

Bill 13-524 will adjust the TY 1998 real property tax assessment for DC Square 0958, Lot 0017 owned by Robbie and Nurnie Mason. In 1997 the property that is the subject of this legislation was reassessed at a value of \$250,000 for tax years 1998, 1999 and 2000. The property owners did not appeal the assessment until 1999. As a result of the appeal, the TY 1999 and 2000 assessments were reduced to \$78,700. Current DC law prohibits the reduction of prior year assessments through administrative means. Accordingly, the property owners seek an adjustment to the TY 1998 assessment through legislative means. If the 1998 assessment is reduced, the liability – which currently includes interest charges – will be reduced from \$7,779.88 to \$1,692.06, a reduction of only about \$6,000.

This sort of small change that is the result of an assessment error should not have to come before Council for legislative remedy. The proposed Tax Clarity Act provides an administrative process to correct this sort of error. It allows corrections in the assessments that are required to avoid a substantial injustice to the taxpayer to go back three years.

Thank you for the opportunity to testify on these two Bills. At this time I would be happy answer any questions you or members of the committee may have.